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Jerry Cerasale

Senior Vice President

Government Affairs

April 7, 1998

The Honorable John M. McHugh
Chairman, Subcommittee on the Postal Service
Committee on Government Reform and Oversight
B349-C Rayburn House Office Building
Washington, DC 20515

Dear Chairman McHugh:

The Direct Marketing Association (The DMA) offers these comments on revised H.R. 22, in addition to the comments of the Mailers Coalition for Postal Reform.

COMPENSATION REFORM

Any reform of the Postal Service must provide incentives for the Postal Service to improve performance. The revision of postal ratemaking is necessary to allow the Postal Service to compete in the 21st century. Compensation reform is a complement to pricing reform.

Even though Postal Service employees at all levels are very dedicated, performance-based pay incentives for employees will provide the impetus for the success of postal reform. Thus, bonuses should be performance-based, and pay caps should not be applied to bonuses. Although The DMA believes that the Postal Service now has the authority to grant bonuses above the statutory pay cap, the Governors do not agree. Thus, a provision in H.R. 22 or, at a minimum, an explanation in the report for H.R. 22 is required to achieve adequate performance-based compensation.

Moreover, the report should urge both the Postal Service and the postal unions to seriously negotiate performance-based incentives within collective bargaining. These incentives do not represent a withdrawal from collective bargaining, but should be an important part of the process. A stronger Postal Service means stronger collective bargaining.

DELIVERY MARKET TESTS

The DMA remains committed to market testing of non-Postal Service delivery of non-monopoly products to America's mail boxes. There are many questions concerning the feasibility of opening the mail box to others. Without a limited but structured test, we can only speculate as to the

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answers to those questions, and public policy decisions should not be based upon speculation. As we have stated before, competitive carriers must be bonded and uniformed. It is very likely that a test will show that it is not feasible to open the mail box. The test should be included in H.R. 22 so that the Postal Service, its employees, mailers, American citizens, and the Congress will know.

We appreciate all of the work you have put into developing viable postal reform, and your extraordinary efforts to hear the views of all interested parties. We need a viable Postal Service in the 21st century and pledge to work with you to attain it.

Sincerely,

A handwritten signature in black ink, appearing to read "Jerry Cerasale". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jerry Cerasale

Senior Vice President, Government Affairs